

52. North Carolina has already enacted legislation to require energy and water efficiency improvements in new and retrofitted state buildings, but there is room to go further. For example, a recent analysis identified ten no-cost or low-cost energy efficiency investments that could cut North Carolina Central University's energy costs by 65%, saving the university \$13 million over five years. These investments would avoid the emission of 27,000 tons of carbon dioxide per year.
53. Over 50% of state spending on electricity is accounted for by the UNC system. These public universities face a major financial hurdle limiting their ability to invest in energy efficiency. Current law requires that all utility cost savings be returned to the State's General Fund at the end of each fiscal year. This requirement creates a disincentive for the universities to invest in conservation and efficiency. House Bill 695, introduced last year, would allow universities in the UNC system to keep savings generated from efficiency improvements for reinvestment in additional energy and water saving measures.

#### Carbon markets and carbon regulation:

54. Uncertainty in the price of carbon and possible carbon regulation has made it difficult for public and private entities to develop action plans to address climate change.
55. Clarity and certainty in the price of carbon at the federal and international level will provide stability in carbon markets and promote development, investment, and innovation.
56. Cap-and-trade regulation of greenhouse gas emissions is most effective when implemented on a federal level.
57. In the international community there is general acceptance of cap-and-trade for carbon regulation, and in the private sector there is already significant activity as greenhouse gas emitters seek arrangements for long-term access to carbon offset markets.

#### Carbon sequestration and carbon offsets:

58. North Carolina farmers may have significant economic opportunities to participate in carbon markets by offering carbon sequestration services or emissions offsets.
59. North Carolina is losing land forestlands and agricultural lands. Between 1990 and 2002, one million acres of forestry land were lost to non-forest use. Farm acreage also decreased by more than two percent from 2000 to 2004. Some policies to address climate change may help these sectors retain land.
60. North Carolina farmers may have significant economic opportunity for carbon sequestration and soil improvement through bio-char; however, additional research is needed to better understand this opportunity.